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C O N F I D E N T I A L STATE 059315

EXCON

E.O. 11652: XGDS-1

TAGS: ESTC, COCOM, NO, UR

SUBJECT: ALLEGED BLOC EXPORTS OF NORWEGIAN KONGSBERG
NC UNITS

1. FOR MORE THAN A YEAR NOW, WE HAVE BEEN HEARING OF
PERIODIC ALLEGATIONS MADE BY INDUSTRY REPRESENTATIVES
FROM THE US AND OTHER COCOM COUNTRIES, THAT THE
NORWEGIAN FIRM, A.S. KONGSBERG VAPNFABRIKK, IS ALLEGEDLY
QUOTING, SELLING, AND DELIVERING COMPUTER NUMERICAL CONTROL
SYSTEMS (CNC), EMBARGOED BY IL 1091(A), TO COMMUNIST
BLOC COUNTRIES IN VIOLATION OF THE COCOM EMBARGO. IN THE
LETTER THAT THE HEAD OF THE NORWEGIAN COCOM DELEGATION
WROTE TO MR. SCHROEMBGENS OF THE GERMAN DELEGATION, THE
NORWEGIANS ADMITTED THAT THEY HAD SOLD AND DELIVERED
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CNC 500 FC CONTROL SYSTEMS TO POLAND FOR USE IN CONJUNCTION

WITH FLAME CUTTING EQUIPMENT. IT HAS ALSO BEEN REPORTED BY OUR EMBASSY IN MOSCOW AS WELL AS FROM OTHER SOURCES THAT KONGSBERG IS SUPPLYING NC CONTROLS TO THE SOVIET UNION TO BE EQUIPPED ON 78 THREE-AXIS MACHINING CENTERS ALLEGEDLY BEING SOLD BY THE FRENCH FIRM, GSP-FOREST, TO THE SOVIETS. THE LATEST INFORMATION WE HAVE IS FROM A US MANUFACTURER WHO INDICATED THAT KONGSBERG APPROACHED A REPRESENTATIVE FROM THIS US FIRM IN OSLO TO SUPPLY CNC CONTROL SYSTEMS ON 15 MACHINE TOOLS WHICH THE US FIRM WAS BIDDING ON FOR SUPPLY TO A RUSSIAN SHIP BUILDING PLANT. ACCORDING TO THE US FIRM, THE KONGSBERG SALES AGENT URGED THE US COMPANY REPRESENTATIVE TO EQUIP HIS MACHINES WITH KONGSBERG CNC CONTROLS SINCE IN HIS WORDS, "THE US GOVERNMENT DOES NOT PERMIT US COMPANIES TO SELL CNC INTO THE BLOC."

2. IT WILL BE RECALLED THAT DURING THE COCOM LIST REVIEW, THE TECHNICAL ADVISORS FROM THE GERMAN DELEGATION, NAMELY SIEMENS AND BOSCH, REPEATEDLY COMPLAINED TO THE US (ERDA) EXPERTS THAT KONGSBERG WAS SELLING THEIR CNC UNITS INTO THE BLOC IN VIOLATION OF THE COCOM EMBARGO. THE UK HAS ALSO REPORTED THAT KONGSBERG IS SUPPLYING CNC CONTROLS TO THE BLOC. AT US URGING, THE GERMAN DELEGATION RAISED THIS MATTER LAST YEAR WITH THE NORWEGIANS, AND AFTER A LONG PERIOD OF SILENCE, THE NORWEGIAN GOVERNMENT RESPONDED BY STATING THAT THE KONGSBERG 500 CONTROL WAS FOR FLAME CUTTERS ONLY AND NOT SUBJECT TO IL 1091 CONTROL.

3. IN LIGHT OF THE ABOVE, THE USG BELIEVES THAT POSITIVE STEPS NEED TO BE TAKEN TO CLARIFY THIS SITUATION WITH THE NORWEGIAN AUTHORITIES. TO THIS END, THE US DEL IS INSTRUCTED TO TRANSMIT THE FOLLOWING LETTER AT THE EARLIEST POSSIBLE DATE TO THE HEAD OF THE NORWEGIAN DELEGATION IN COCOM. PRIOR TO DOING SO, US DEL SHOULD INFORM GERMAN DEL OF US INTENTIONS AND PROVIDE GERMANS WITH COPY OF OUR LETTER TO NORWEGIAN DEL SO THAT THEY ARE AWARE OF OUR ACTIONS AND HOPEFULLY CAN SUPPORT THEM:

"DEAR MR. -----:
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FOR MORE THAN A YEAR, REPORTS HAVE COME TO THE ATTENTION OF MY AUTHORITIES FROM INDUSTRY REPRESENTATIVE IN THE US AND FROM OTHER COCOM MEMBER COUNTRIES THAT THE NORWEGIAN FIRM OF A.S. KONGSBERG VAPNFABRIKK IS SELLING AND DELIVERING COMPUTER NUMERICAL CONTROL SYSTEMS EMBARGOED BY IL 1091(A) TO PROSCRIBED DESTINATIONS WITHOUT PRIOR COCOM CLEARANCE. A SPECIFIC INSTANCE IS THE EXPORT OF

KONGSBERG CNC 500 FC COMPUTER NUMERICAL CONTROL UNITS TO POLAND, A MATTER BROACHED TO YOUR AUTHORITIES IN APRIL 1975 BY THE GERMAN COCOM DELEGATE. THE GERMAN DELEGATE WAS KIND ENOUGH TO INFORM MY AUTHORITIES OF THIS APPROACH, AS WELL AS THE ANSWER HE RECEIVED FROM YOU LAST NOVEMBER. BASED ON THAT ANSWER, MY AUTHORITIES WONDER IF THERE IS NOT A MISUNDERSTANDING BETWEEN US REGARDING THE PRESENT IL 1091 EMBARGO COVERAGE, PARTICULARLY AS IT PERTAINS TO COMPUTER NUMERICAL CONTROL (CNC) SYSTEMS.

IN REPLY TO THE GERMAN DELEGATE YOUR AUTHORITIES NOTED THAT THE KONGSBERG CNC 500 FC UNITS EXPORTED TO POLAND WERE FOR USE IN UNEMBARGOED FLAME CUTTING EQUIPMENT, CITING UNITED STATES STANDARD INDUSTRIAL CODE NUMBER 35493 -- "WELDING APPARATUS" -- AS EVIDENCE OF THE UNEMBARGOED NATURE OF FLAME CUTTING MACHINERY. MY AUTHORITIES CONFIRM THAT IN THEIR OPINION, FLAME CUTTING MACHINERY PER SE IS FREE FROM EMBARGO AND RECALL THAT IN CONNECTION WITH A GERMAN GENERAL EXCEPTIONS REQUEST, SUBMITTED AS COCOM DOC (73)2462, CONCERNING THE EXPORT TO POLAND OF CNC UNITS SPECIALLY DESIGNED FOR FLAME CUTTING MACHINES, THEY SO STATED IN PARAGRAPH 2 OF COCOM DOC (74)160. MY AUTHORITIES, NEVERTHELESS, WERE COMPELLED TO OBJECT TO THE GERMAN REQUEST FOR THE REASONS EXPRESSED IN COCOM DOC (74)160, NAMELY (1) THE FLAME CUTTER-CNC COMBINATION CONSTITUTES AN ENTITY EMBARGOED BY IL 1091 BY VIRTUE OF THE CNC UNIT, (2) THE CNC SYSTEMS CONCERNED REPRESENTED AN ADVANCED CAPABILITY DEFICIENT IN THE COCOM PROSCRIBED COUNTRIES, AND (3) THE CONTENTION THAT THE CNC UNITS WERE SPECIALLY DESIGNED FOR FLAME CUTTING DID NOT OBIVIATE THE USEFULNESS OF THE EQUIPMENT IN CONTROLLING STRATEGIC METAL REMOVING

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MACHINE TOOLS. THE US AUTHORITIES MAINTAINED A POSITION OF OBJECTION WHEN THE GERMAN DELEGATE RESUBMITTED THE CASE UNDER COCOM DOC (74)774. (SEE COCOM DOC (74)914 FOR THE US POSITION.)

IN OTHER WORDS, IT IS MY AUTHORITIES' VIEW THAT ALL COMPUTER NUMERICAL CONTROL (CNC) UNITS AS DEFINED IN THE CURRENT STATEMENT OF UNDERSTANDING TO IL 1091 (COCOM DOC IL(73)1) ARE SUBJECT TO COCOM EMBARGO, REGARDLESS OF WHETHER THEY ARE TO BE USED OR COMBINED WITH UNEMBARGOED MACHINE TOOLS, AND THEIR EXPORT TO PROSCRIBED DESTINATIONS REQUIRES THE UNANIMOUS AGREEMENT OF THE COMMITTEE. CHANGES ADOPTED DURING THE 1974-1975 LIST REVIEW WILL PERMIT SOME TYPES OF CNC UNITS TO BE SHIPPED AT NATIONAL DISCRETION ONCE THE NEW LIST GOES

INTO EFFECT ON APRIL 12, 1976.

MY AUTHORITIES BELIEVE THE MATTER OF WHAT CNC EQUIPMENT IS EMBARGOED SHOULD BE CLARIFIED AT THE EARLIEST POSSIBLE TIME SO THERE IS A COMMON UNDERSTANDING AMONG COMMITTEE MEMBERS AS TO WHAT IS CONTROLLED BY IL 1091. THEREFORE, THEY PROPOSE THAT A MEETING BE CONVENED IN PARIS AT THE EARLIEST DATE EITHER BETWEEN OUR TECHNICAL EXPERTS OR INCLUDING THOSE FROM OTHER INTERESTED DELEGATIONS TO DISCUSS AND, HOPEFULLY, REACH AGREEMENT ON WHAT KIND OF CNC EQUIPMENT IS AND WHAT IS NOT CONTROLLED BY IL 1091. IT IS THE HOPE OF MY AUTHORITIES THAT SUCH A TECHNICAL EXCHANGE OF VIEWS WILL CLARIFY THIS ISSUE TO THE SATISFACTION OF ALL CONCERNED. I WOULD APPRECIATE YOUR EARLIEST VIEWS AND COMMENTS ON THIS MATTER.

SINCERELY YOURS,
US DELEGATE." KISSINGER

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